



NEWS RELEASE

FOR RELEASE:

Lines Murphy & Company, P.L.C., of Osage today released an audit report on the Grand Junction Municipal Light and Water (A Component Unit of the City of Grand Junction, Iowa).

The Utilities' receipts totaled \$1,420,992 for the year ended December 31, 2008. The receipts included \$808,441 in charges for service, \$188,882 from operating grants and contributions, \$422,135 in debt proceeds and \$1,534 unrestricted interest on investments.

Disbursements for the year totaled \$1,396,879, and included \$700,490 for business type activities, \$67,762 for debt service and \$628,627 for capital projects.

A copy of the report is available for review in the City Clerk's Office, in the Office of Auditor of State and on the Auditor of State's web site at: <http://auditor.iowa.gov/reports/reports.htm>.

**GRAND JUNCTION MUNICIPAL
LIGHT AND WATER
A COMPONENT UNIT OF THE CITY OF GRAND JUNCTION**

**INDEPENDENT AUDITORS' REPORTS
FINANCIAL STATEMENTS AND
SUPPLEMENTAL INFORMATION
SCHEDULE OF FINDINGS**

DECEMBER 31, 2008

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**Grand Junction Municipal Light and Water
A Component Unit of the City of Grand Junction**

Municipal Light and Water Board

Year ended December 31, 2008

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Mark Burkett	President	January 2014
Jon Hueser	Secretary	January 2010
Jeff Thorpe	Member	January 2010
Jim Gilley	Member	January 2012
Eleanor Krieger	Member	January 2014

Independent Auditors' Report

To the Board of Trustees
Grand Junction Municipal Light and Water:

We have audited the accompanying component unit financial statements, listed as exhibits in the table of contents of this report, of Grand Junction Municipal Light and Water, a component unit of the City of Grand Junction, as of and for the year ended December 31, 2008. These financial statements are the responsibility of the Utilities' management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards and provisions require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinions.

As described in Note 1, these financial statements were prepared on the basis of cash receipts and disbursements, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Also, as permitted by the Code of Iowa, the accounting records of the Utilities have not been audited for all prior years. Accordingly, we were unable to satisfy ourselves as to the distribution by fund of the total fund balance at January 1, 2008.

In our opinion, except for the effects of such adjustments, if any, as might have been determined to be necessary had we been able to verify the distribution by fund of the total fund balance at January 1, 2008 as discussed in the preceding paragraph, the aforementioned financial statements present fairly, in all material respects, the respective cash basis financial position of Grand Junction Municipal Light and Water, a component unit of the City of Grand Junction, as of and for the year ended December 31, 2008, on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated April 28, 2009, on our consideration of the Grand Junction Municipal Light and Water's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Utility has not presented Management's Discussion and Analysis which introduces the basic financial statements by presenting certain financial information as well as management's analytical insights on that information that the Governmental Accounting Standards Board has determined is necessary to supplement, although not required to be part of, the basic financial statements.

Budgetary comparison information on page 9 is not a required part of the basic financial statements, but is supplementary information required by the Governmental Accounting Standards Board. We applied limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. We did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the financial statements taken as a whole. The supplemental information included in Schedule 1 and 2 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in our audit of the aforementioned financial statements and, in our opinion, except for the effects of such adjustments, if any, as might have been determined to be necessary had we been able to verify the distribution by fund of the total fund balance at January 1, 2008, as discussed in the fourth preceding paragraph, is fairly stated in all material respects, in relation to the aforementioned financial statements taken as a whole.

Lines Murphy & Company P.L.C.

Lines Murphy & Company, P.L.C.
Certified Public Accountants
Osage, Iowa
April 28, 2009

Grand Junction Municipal Light and Water
A Component Unit of the City of Grand Junction

Statement of Activities and Net Assets - Cash Basis

As of and for the year ended December 31, 2008

	<u>Program Receipts</u>			<u>Net (Disbursements) Receipts and Changes In Cash Basis Net Assets</u>
	<u>Disbursements</u>	<u>Charges For Service</u>	<u>Capital Grants, Contributions and Restricted Interest</u>	<u>Business Type Activities</u>
Functions/ Programs:				
Business type Activities:				
Electric	571,646	613,780	-	42,134
Water	825,233	194,661	188,882	(441,690)
Total business type activities	<u>1,396,879</u>	<u>808,441</u>	<u>188,882</u>	<u>(399,556)</u>
General Receipts:				
Unrestricted interest on investments				1,534
Bond and note proceeds				422,135
Transfers				-
Total general receipts and transfers				<u>423,669</u>
Change in cash basis net assets				24,113
Cash Basis net assets beginning of year				<u>275,446</u>
Cash Basis net assets end of year				<u><u>299,559</u></u>
Cash Basis Net Assets				
Restricted:				
Other purposes				\$ 38,337
Unrestricted				<u>261,222</u>
Total Cash Basis net assets				<u><u>\$ 299,559</u></u>

See notes to financial statements

**Grand Junction Municipal Light and Water
A Component Unit of the City of Grand Junction**

Grand Junction Municipal Light and Water A Component Unit of the City of Grand Junction
Statement of Cash Receipts, Disbursements, and Changes in Cash Balances
Proprietary Funds
As of and for the year ended December 31, 2008

	Enterprise Funds		
	Electric	Water	Total
Operating receipts:			
Charges for service	\$ 613,780	\$ 194,661	\$ 808,441
Total operating receipts	613,780	194,661	808,441
Operating disbursements:			
Business type activities	559,100	141,390	700,490
Debt Service	-	67,762	67,762
Total operating disbursements	559,100	209,152	768,252
Excess (deficiency) of operating receipts over (under) operating disbursements	54,680	(14,491)	40,189
Non-operating receipts (disbursements):			
Use of money and property	898	636	1,534
Capital Grants	-	188,882	188,882
Capital Projects	(12,546)	(616,081)	(628,627)
Net non-operating receipts (disbursements)	(11,648)	(426,563)	(438,211)
Excess (deficiency) of receipts over (under) disbursements	43,032	(441,054)	(398,022)
Other financing sources (uses):			
IA Drinking Water Loan	-	422,135	422,135
Operating transfers in	-	30,000	30,000
Operating transfers out	(30,000)	-	(30,000)
Total other financing sources (uses)	(30,000)	452,135	422,135
Net change in cash balances	13,032	11,081	24,113
Balance beginning of year	129,729	145,717	275,446
Balance end of year	\$ 142,761	\$ 156,798	\$ 299,559
Cash Basis Fund Balances			
Reserved for deposits	\$ 22,725	\$ -	\$ 22,725
Reserved for debt services	-	15,612	15,612
Unreserved	120,036	141,186	261,222
Total cash basis fund balances	\$ 142,761	\$ 156,798	\$ 299,559

See notes to financial statements

**Grand Junction Municipal Light and Water
A Component Unit of the City of Grand Junction**

Grand Junction Municipal Light and Water
A Component Unit of the City of Grand Junction
Notes To Financial Statements
December 31, 2008

(1) **Summary of Significant Accounting Policies**

A. **Reporting Entity**

Grand Junction Municipal Light and Water (Utility) is a component unit of the City of Grand Junction, Iowa, as determined by criteria specified by the Governmental Accounting Standards Board. The Utilities are governed by a five member board of trustees appointed by the City Council. The Utilities are financially accountable to the City of Grand Junction. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body, and (1) the ability of the primary government to impose its will on that organization or (2) the potential for the organization to provide specific benefits to, or impose specific financial burdens on the primary government. Grand Junction Municipal Light and Water (Utility) has no component units.

B. **Jointly Governed Organizations**

The Utilities do not participate in any jointly governed organizations.

C. **Fund Accounting**

The accounts of the Utilities are organized on the basis of funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for by providing a separate set of self-balancing accounts which comprise its receipts, disbursements, and fund balances. The various funds and their designated purposes are as follows:

Enterprise Funds – The Enterprise Funds are utilized to finance and account for the acquisition, operation, and maintenance of governmental facilities and services that are supported by user charges.

D. **Basis of Accounting**

Grand Junction Municipal Light and Water maintains its financial records on the basis of cash receipts and disbursements and the financial statements of the Utilities are prepared on that basis. The cash basis of accounting does not give effect to accounts receivable, accounts payable, and accrued items. Accordingly, the financial statements do not present financial position and results of operations of the funds in accordance with U.S. generally accepted accounting principles.

E. **Budgets and Budgetary Accounting**

In accordance with the Code of Iowa, the Board of Trustees annually adopts a budget on the cash basis following required public notice and hearing for all funds. The annual budget may be amended during the year utilizing similar statutorily prescribed procedures.

F. **Net Assets**

The following accounting policy is followed in preparing the Statement of Cash Receipts, Disbursements and Changes in Cash Basis Net Assets.

Restricted Cash Basis Net Assets – Funds set aside for the repayment of deposits to customers.

(2) Cash and Pooled Investments

The Utilities' deposits in banks at December 31, 2008 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to ensure there will be no loss of public funds.

The Utilities are authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the Board of Trustees; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district.

The Utilities' investments are categorized to give an indication of the level of risk assumed by the Utilities at year end. The Utilities' investments are all category 1 which means that the investments are insured or registered or the securities are held by the Utilities or its agent in the Utilities' name.

(3) Notes Payable

Annual debt service requirements to maturity for notes payable and state revolving loans are as follows:

Year Ending December 31,	Notes Payable		State Revolving Loans		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2009	\$ 10,226	\$ 1,434	\$ 23,000	\$ 22,505	\$ 33,226	\$ 23,939
2010	10,489	1,171	23,000	21,855	33,489	23,026
2011	10,919	741	24,000	21,150	34,919	21,891
2012	11,366	293	25,000	20,415	36,366	20,708
2013	1,103	4	26,000	19,650	27,103	19,654
2014-2018	-	-	140,000	86,100	140,000	86,100
2019-2023	-	-	162,000	63,360	162,000	63,360
2024-2028	-	-	189,000	37,185	189,000	37,185
2029-2033	-	-	151,000	7,965	151,000	7,965
Total	\$ 44,103	\$ 3,643	\$ 763,000	\$ 300,185	\$ 807,103	\$ 303,828

(4) Pension and Retirement Benefits

The Utilities' contributes to the Iowa Public Employees Retirement System (IPERS), which is a cost-sharing multiple-employer defined benefit pension plan administered by the State of Iowa. IPERS provides retirement and death benefits established by state statute to plan members and beneficiaries. IPERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to IPERS, P.O. Box 9117, Des Moines, Iowa, 50306-9117.

Plan members were required to contribute 3.9% of their annual salary and the Utilities' was required to contribute 6.05% of annual covered payroll. Effective July 1, 2008, the required contribution for plan

members increased to 4.1% and the Agency's contribution increased to 6.35%. Contribution requirements are established by state statute. The Utilities' contribution to IPERS for the year ended December 31, 2008, was \$10,968, equal to the required contributions for that year.

(5) **Compensated Absences**

Utility employees accumulate a limited amount of earned by unused vacation and compensatory hours for subsequent use or for payment upon termination, retirement or death. These accumulations are not recognized as disbursements by the Utilities until used or paid. The Utilities' approximate liability for earned vacation and compensatory termination payments payable to the employees at December 31, 2008 was \$293 and \$419 respectfully.

This liability has been based on rates of pay as of December 31, 2008.

(6) **Related Party Transactions**

The Utilities had business transaction between the Utilities and Utilities' officials totaling \$724 during the year ended December 31, 2008.

(7) **Risk Management**

The Utilities are exposed to various risks of loss related to torts; theft, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

These risks are covered by the purchase of commercial insurance. The Utilities assume liability for any deductibles and claims in excess of coverage limitations. Settled claims from these risks have not exceeded commercial insurance coverage in this fiscal year.

(8) **Partial Self Funded Insurance**

The Utility will pay up to \$500 for each employee's deductible on his or her health insurance plan.

(9) **Construction Commitment**

As of December 31, 2008, the Utility had \$46,504 in construction commitments.

(10) **Transactions with City of Grand Junction, Iowa**

The Utilities provide electric and water services to the City at their standard rates.

The Utilities act as the billing and collection agent for the city in the collection of sewer and garbage fees from the residents of Grand Junction. These fees are deposited by the Utility into the City bank account. This service is provided for a minimal charge to the City.

Further, the Utility has a health insurance plan, which covers all City and Utility employee(s). The City reimburses the Utility for all cost associated with the City employee(s).

Following is a summary of payments from the City to the Utilities during the Year.

Electric	\$ 11,170
Water	1,736
Sewer	720
Garbage	1,200
Health Insurance	4,271

**Grand Junction Municipal Light and Water
A Component Unit of the City of Grand Junction**

Grand Junction Municipal Light and Water A Component Unit of the City of Grand Junction
Comparison of Budget to Actual
As of and for the year ended December 31, 2008

	Actual	Budgeted Amounts		Variance Final to Actual
		Original Budget	Final Budget	
Operating receipts:				
Charges for service	\$ 808,441	\$ 775,000	\$ 775,000	\$ 33,441
Other Financing Sources	612,551	736,061	736,061	(123,510)
Total Revenues & Financing Sources	<u>1,420,992</u>	<u>1,511,061</u>	<u>1,511,061</u>	<u>(90,069)</u>
Expenditures				
Expenditures	<u>1,396,879</u>	<u>1,525,000</u>	<u>1,525,000</u>	<u>(128,121)</u>
Total Expenditures	<u>1,396,879</u>	<u>1,525,000</u>	<u>1,525,000</u>	<u>(128,121)</u>
Change in cash basis net assets	24,113	(13,939)	(13,939)	38,052
Cash basis net assets beginning of year	275,446	154,549	154,549	120,897
Cash basis net assets end of year	<u>\$ 299,559</u>	<u>\$ 140,610</u>	<u>\$ 140,610</u>	<u>\$ 158,949</u>

See accompanying independent auditors' report.

Required Supplementary Information

Grand Junction Municipal Light and Water A Component Unit of the City of Grand Junction
Notes to Required Supplementary Information – Budgetary Reporting
Year ended December 31, 2008

In accordance with the Code of Iowa, the Utility Board annually adopts a budget, which is incorporated in the budget of the City Council on the cash basis following required public notice and hearing for all funds. The annual budget may be amended during the year utilizing similar statutorily prescribed procedures.

Formal and legal budgetary control is based upon classes of disbursements, known as functions, not by fund. The Utilities disbursements are budgeted in the business type activities function. There were no budget amendments for the Utilities during fiscal year 2008.

During the year ended December 31, 2008, disbursements did not exceed the amounts budgeted.

Grand Junction Municipal Light and Water A Component Unit of the City of Grand Junction
Schedule of Indebtedness
Year ended December 31, 2008

Obligation	Date of Issue	Interest Rates	Amount Originally Issued
Commercial Loan	Aug 12, 2004	4.00%	\$ 160,000
SRF Loan	Aug 23, 2007	3.00%	900,000
Total			

See accompanying independent auditors' report.

Schedule 1

<u>Balance Beginning of Year</u>	<u>Issued During Year</u>	<u>Redeemed During Year</u>	<u>Balance End of Year</u>	<u>Interest Paid</u>	<u>Interest Due and Unpaid</u>
\$ 67,880	\$ -	\$ 23,777	\$ 44,103	\$ 2,223	\$ -
362,865	422,135	22,000	763,000	17,512	
<u>\$ 430,745</u>	<u>\$ 422,135</u>	<u>\$ 45,777</u>	<u>\$ 807,103</u>	<u>\$ 19,735</u>	<u>\$ -</u>

**Grand Junction Municipal Light and Water
A Component Unit of the City of Grand Junction**

Schedule 2

Grand Junction Municipal Light and Water A Component Unit of the City of Grand Junction
 Note Maturities
 Year ended December 31, 2008

Year Ending December 31,	Commercial Loan		SRF Loan		
	Series		Series		
	2004		2007		
	Issued August 12, 2004		Issued August 23, 2007		
	Interest		Interest		
	Rates	Amount	Rates	Amount	Total
2009	4.00%	\$ 10,226	3.00%	\$ 23,000	\$ 33,226
2010	4.00%	10,489	3.00%	23,000	33,489
2011	4.00%	10,919	3.00%	24,000	34,919
2012	4.00%	11,366	3.00%	25,000	36,366
2013	4.00%	1,103	3.00%	26,000	27,103
2014-2018	4.00%	-	3.00%	140,000	140,000
2019-2023	4.00%	-	3.00%	162,000	162,000
2024-2028	4.00%	-	3.00%	189,000	189,000
2029-2033	4.00%	-	3.00%	151,000	151,000
Total		\$ 44,103		\$ 763,000	\$ 807,103

See accompanying independent auditors' report.

**Grand Junction Municipal Light and Water
A Component Unit of the City of Grand Junction**

L LINES MURPHY & COMPANY, P.L.C.

M Certified Public Accountants
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**Independent Auditors' Report on Internal Control
over Financial Reporting and on Compliance and Other Matters
Based on an Audit of Financial Statements Performed in Accordance
with Government Auditing Standards**

To the Honorable Mayor and
Members of the City Council:

We have audited the accompanying financial statements of Grand Junction Municipal Light and Water, as of and for the year ended December 31, 2008, and have issued our report thereon dated April 28, 2009. Our report on the financial statements, which were prepared in conformity with an other comprehensive basis of accounting, expressed a qualified opinion since we were unable to satisfy ourselves as to the distribution by fund of the total fund balance at January 1, 2008. Except as noted in the Independent Auditors' Report, we conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

In planning and performing our audit, we considered Grand Junction Municipal Light and Water's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing our opinion on the effectiveness of the internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Grand Junction Municipal Light and Water's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies and other deficiencies we consider to be material weaknesses.

A control deficiency exists when the design or operation of the control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects Grand Junction Municipal Light and Water's ability to initiate, authorize, record, process, or report financial data reliably in accordance with an other comprehensive basis of accounting such that there is more than a remote likelihood a misstatement of Grand Junction Municipal Light and Water's financial statements that is more than inconsequential will not be prevented or detected by Grand Junction Municipal Light and Water's internal control. We consider the deficiencies in internal control described in Part II of the accompanying Schedule of Findings to be significant deficiencies in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood a material misstatement of the financial statements will not be prevented or detected by the Grand Junction Municipal Light and Water's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, of the significant deficiencies described above, we believe item II-A-08 is a material weakness.

Compliance and Other Matters

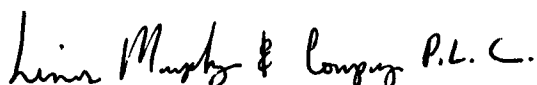
As part of obtaining reasonable assurance about whether Grand Junction Municipal Light and Water's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, and contracts, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance or other matters that are required to be reported under Government Auditing Standards. However, we noted certain immaterial instances of non-compliance or other matters that are described in Part III of the accompanying Schedule of Findings.

Comments involving statutory and other legal matters about the Utilities operations for the year ended December 31, 2008 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the Utility. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

Grand Junction Municipal Light and Water's responses to findings identified in our audit are described in the accompanying Schedule of Findings. While we have expressed our conclusions on the Utilities responses, we did not audit Grand Junction Municipal Light and Water's responses and, accordingly, we express no opinion on them.

This report, a public record by law, is intended solely for the information and use of the members and customers of Grand Junction Municipal Light and Water and other parties to whom Grand Junction Municipal Light and Water may report. This report is not intended to be and should not be used by anyone other than these specified parties.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of Grand Junction Municipal Light and Water during the course of our audit. Should you have any questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience.



Lines Murphy & Company, P. L. C.

Certified Public Accountants

Osage, Iowa

April 28, 2009

Grand Junction Municipal Light and Water
A Component Unit of the City of Grand Junction

Schedule of Findings

Year ended December 31, 2008

Part I: Summary of the Independent Auditors' Results:

- (a) Qualified opinions were issued on the financial statements which were prepared on the basis of cash receipts and disbursements, which is a comprehensive basis of accounting other than U.S. generally accepted accounting principles.
- (b) Significant deficiencies in internal control over financial reporting were disclosed by the audit of the financial statements, including one material weakness.
- (c) The audit did not disclose any non-compliance which is material to the financial statements.

**Grand Junction Municipal Light and Water
A Component Unit of the City of Grand Junction**

Grand Junction Municipal Light and Water
A Component Unit of the City of Grand Junction

Schedule of Findings

Year ended December 31, 2008

Part II: Findings Related to the Financial Statements:

SIGNIFICANT DEFICIENCIES:

II-A-08 Segregation of Duties – One important aspect of internal control is the segregation of duties among employees to prevent an individual employee from handling duties which are incompatible. We noted that certain functions are not entirely segregated.

Recommendation – We realize segregation of duties is difficult with a limited number of office employees. However, the Utilities should review their control procedures to obtain the maximum internal control possible under the circumstances.

Response – We will consider this.

Conclusion – Response acknowledged. The Utilities should segregate duties to the extent possible with existing personnel and utilize administrative personnel to provide additional control through review of financial transactions and reports.

Grand Junction Municipal Light and Water
A Component Unit of the City of Grand Junction

Schedule of Findings

Year ended December 31, 2008

Part III: Other Findings Related to Statutory Reporting:

- III-A-08 **Budget** – Disbursements during the year ended December 31, 2008 did not exceed the amounts budgeted.
- III-B-08 **Questionable Disbursements** – No disbursements were noted that may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979.
- III-C-08 **Travel Expense** – No disbursements of Utility money for travel expenses of spouses of Utility officials or employees were noted.
- III-D-08 **Business Transactions** – Business transactions between the Utility and Utility officials or employees are detailed as follows:

Name, Title, and Business Connection	Transaction Description	Amount	
Jeff Thorpe, Board Member, Owner of Thorpe Auto Sales	Vehicle Repairs	\$	456
Tom Danielson, husband of bookkeeper Cindy Danielson, Owner of A-1 Service	Vehicle Repairs	\$	268

In accordance with Chapter 362.5(11) of the Code of Iowa, the transactions with the above individual do not appear to represent a conflict of interest since total transactions with the individuals were less than \$1,500 during the fiscal year.

- III-E-08 **Bond Coverage** – Surety bond coverage of Utility officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to insure that the coverage is adequate for current operations.
- III-F-08 **Board Minutes** – No transactions were found that we believe should have been approved in the Council minutes but were not. However minutes did not include the total disbursements by payee, amount, and purpose, a summary of receipts and the list of claims allowed did not include the reason for making the claim as required by Chapter 372.3 of the Code of Iowa during the fiscal periods ending December 31, 2008. Additionally the Utilities did not publish annual gross salaries in accordance with an Attorney General's opinion dated April 12, 1978.
- Recommendation** – The Utility should list out or attach a schedule of disbursements by payee and purpose, and publish annual salaries as required.

Grand Junction Municipal Light and Water
A Component Unit of the City of Grand Junction

Schedule of Findings

Year ended December 31, 2008

Response – We will start to attach schedules of disbursements by payee and purpose and publish annual salaries as required.

Conclusion – Response accepted.

III-G-08 Deposits and Investments – No instances of non-compliance with the deposit and investment provisions of Chapter 12B and Chapter 12C of the Code of Iowa and the City's investment policy were noted.

III-H-08 Mileage Allowance – One Utility Employee receives a vehicle allowance of \$25/month. The employee is not required to turn in a log documenting their miles.

Recommendation – The Utility should require a log documenting the business miles traveled to meet the IRS' accountable plan substantiation rules. If this is not done or the miles traveled by the employee are not enough to cover the allowance, the difference should be considered taxable wages and added to the employee's W-2.

Response – We will do so.

Conclusion – Response accepted.

III-I-08 Outstanding Checks – Unclaimed property per Chapter 556.1(10) of the Code of Iowa has not been reported to the State Treasurer as required.

Recommendation – The Utility should comply with Chapter 556.1(10) of the Code of Iowa.

Response – We will do so.

Conclusion – Response accepted.

III-J-08 Computer Security – We noted the following weaknesses in the computer system at Grand Junction Municipal Utilities.

- a.) Computer log is not maintained.
- b.) No written computer security policy.
- c.) No physical restrictions on computer facility.
- d.) Passwords are not used.
- e.) Anti-virus programs are not implemented.
- f.) No disaster recovery plan exists.

Recommendation – Review controls over computer systems and implement controls accordingly.

Response – We will review controls over the computer system.

Conclusion – Response accepted.

Grand Junction Municipal Light and Water
A Component Unit of the City of Grand Junction

Schedule of Findings

Year ended December 31, 2008

- III-K-08 Petty Cash – We noted that petty cash funds are not recorded on the general ledger.
- Recommendation – Grand Junction Municipal Light and Water should record petty cash to the general ledger and reconcile monthly.
- Response – We will start to record petty cash to the general ledger.
- Conclusion – Response accepted.
- III-L-08 Form 1099s – Not all Form 1099s were prepared and filed as required by the Internal Revenue Code.
- Recommendation – Grand Junction Municipal Light and Water should file Form 1099s as required
- Response – We will do so.
- Conclusion – Response accepted.